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Overview

- Global equity markets largely ended December in decline, after a volatile year in 2022
- Three major central banks – Federal Reserve, Bank of England and European Central Bank committed to raise interest rates until inflation reaches target levels
- Emerging markets outperformed developed markets, with China boosted on early Covid reopening and positive government policy shifts.

December provided a disappointing end to what was a tumultuous year for global stock markets. Most regions lagged though China was boosted by earlier-than-expected Covid reopening and positive shifts in government policy. Elsewhere, the US Federal Reserve, Bank of England and European Central Bank all doubled-down on interest rate hikes to ease inflation back down to target levels. Widespread recession fears continue to loom.

Europe

Despite recent positive performance, European equities ended the last month of the year down. All sectors finished in negative territory as interest rates continue to rise and economic data remains weak.

Inflation has slowed in Germany, Spain and France, though. This is likely down to government subsidies on energy costs.

Eurozone unemployment fell to a record low in October, but a recent survey indicated that businesses are slowing down on hiring. Industrial production fell, as business scale back due to high gas and electricity prices.

The UK

UK markets also ended the month down. An environment of rising interest rates and recessionary fears dragged on stocks.

There was slightly better news on the inflation front as it fell between October and November. Andrew Bailey, Bank of England governor now believes inflation may well have peaked, but that further interest rate hikes will be necessary to bring it to target.

The UK economy also grew by more than expected in October, after three-month period of decline. Car sales and a strong performance in the construction sector were the main contributors. But consumer confidence remains low as recession fears loom.

The US

In the US, stock markets too ended December down, culminating in the worst year for US markets since the global financial crisis.

Inflation continued its downward trend after peaking in June. But the Federal Reserve (Fed) renewed its commitment to hitting inflation targets through interest rate hikes. The latest hike was smaller than the previous seven though.

Internet technology was the biggest underperformer, with rising interest rates having a heavy impact. Tesla was a large contributor to a lag in the consumer discretionary sector. It hit a two-year low as reports emerged of a halt in production in its Chinese factories.

Asia

Asian markets experienced marginal losses to finish the year. More positive news from China was offset by outflows from other markets in the region. Concerns around the length of the Federal Reserve's interest rate hiking cycle played a role in this.

China was buoyed by earlier-than-expected Covid reopening, as well as positive shifts in government policy. Growth is at the forefront for 2023, after China's leadership met at the annual Central Economic Work Conference in Beijing.

Elsewhere, Taiwanese and Korean stocks were impacted by both the Fed's renewed stance on interest rate hikes and weakness in the internet technology sector. Meanwhile, Indian markets ended in the red and Japanese and Australian faced a similar fate.

Emerging markets

Emerging markets ended lower in December but despite this, still outperformed the developed world. The Federal Reserve's (Fed) inflation stance and the impact of China's reopening on growth and inflation both weighed.

Latin America lagged most, followed by Europe, Middle East and Africa (EMEA), while Asia led. In Asia, China was the biggest outperformer thanks to early Covid-reopening. Indonesia and the Philippines lost ground amid the wider downturn.

In EMEA, Turkey and Poland led gains (the latter outperforming its CE3 counterparts Hungary and the Czech Republic). In Latin America, weakness in Peru and Mexico dragged on the region's performance though Argentina and Colombia offset some losses.

Fixed income

Rounding off what has been a horrible year, fixed income markets ended December in the red. Global bonds fell into a bear market for the first time in 70 years. US treasuries, UK gilts and German bunds all lost significant value over the year.

The major central banks look set to maintain their stance on tightening monetary policy (raising interest rates) to bring inflation back down to target levels, which was behind performance in 2022. But the silver lining was that US consumer price inflation fell for the second consecutive period.

Corporate bonds also suffered in 2022, though less so than government securities. The Sterling and European corporate indexes lost significant ground, while the US corporate index registered smaller losses. High yield bonds also finished the year modestly lower.

Europe

- Interest rates at highest level for 14 years
- Unemployment level falls to record low
- Retail sales fall

European shares ended lower in December as rising interest rates and weak economic data weighed on investor sentiment. From a sector perspective, all were in negative territory, with information technology and consumer discretionary ending the month as the worst performers.

The European Central Bank (ECB) raised interest rates by 0.5% to 2.0%, their highest level in 14 years. The ECB president Christine Lagarde warned markets not to expect an early end to rate rises, indicating at least two more 0.5% rate increases in February and March. It also plans to decrease the €5tn-worth of bonds it has purchased over the past eight years from March to lower the balance sheet.

German inflation dropped more than expected in December, to 9.6% compared to 11.3% the previous month. Spanish inflation is slowed from 6.8% to 5.8% while French inflation also fell from 7.1% to 6.7%. These have mainly fallen because of government subsidies on energy costs.

Eurostat figures showed that retail sales in the eurozone fell by 1.8% in October, the biggest monthly fall of the year. This was larger than consensus estimates and suggests that the eurozone is likely entering a recession. Austria suffered the biggest fall with a 4.6%, whilst there was also significant drop in Germany and France. Spain had a slight increase in retail sales of 0.4%.

The flash purchasing managers' composite index (PMI) for the eurozone rose by one point to 48.8, the highest level in four months. The index, which measures activity at both services and manufacturing companies across the eurozone, remains below 50, indicating businesses are still contracting. This was better than consensus estimates and signals that the likely recession could be milder than initially thought.

The unemployment rate in the eurozone fell to a record low of 6.5% in October. But a recent business survey by the European Commission shows companies are scaling back their hiring.

Eurozone industrial production fell 2% month-on-month in October. This was higher than consensus estimates and further supports that a recession may well be underway. Businesses scaled back production because of continued high gas and electricity prices and weaker demand.



The European Central Bank (ECB) raised interest rates by 0.5% to 2.0%, their highest level in 14 years.

- Interest rates rise to highest level in 14 years
- UK inflation falls to 10.7% in October
- Unemployment increases

The UK equity market closed lower in December, with rising interest rates and recession fears continuing to weigh on UK stocks.

UK inflation slowed to 10.7% in November, down from 11.1% in October, lower than consensus forecasts. This was primarily driven by a slowing of petrol price rises and was helped by the easing of international supply chain pressures. But real incomes continue to fall as price rises still exceed pay increases.

The Bank of England raised interest rates by 0.5%, to the highest level in 14 years as interest rates went to 3.5%. Bank of England governor Andrew Bailey declared that inflation had reached its peak but warned that further tightening of monetary policy (raising interest rates) was likely to bring inflation down to its target level.

Data from the ONS showed the UK economy grew by 0.5% in October, higher than consensus estimates. This was mainly driven by increased car sales, along with a strong month for construction. However, in the three months to October, GDP shrank by 0.3% compared with the previous three months.

The consumer confidence index, a measure of how people view their personal finances and wider economic prospects, was minus 42 in December, according to research group Growth for Knowledge (GfK). Prior to May 2022, the index had never fallen below minus 40 since it began in 1974. It has remained below that level, marking the most prolonged period of low confidence in almost 50 years. Both the Bank of England and the Office for Budget Responsibility have forecast a prolonged recession.

ONS data showed UK unemployment rose to 3.7% in the three months to October, still low by historic standards. Meanwhile, job vacancies fell in the three months to November, the fifth consecutive decline.

Some businesses remain unable to recruit adequate staff to produce at their full capacity though. The number of economically inactive people in the UK fell slightly but remains higher than pre-covid levels.



The UK equity market closed lower in December, with rising interest rates and recession fears continuing to weigh on UK stocks.

US

- US stocks lose ground, ending the worst year since the global financial crisis (GFC)
- Tackling inflation continues to be the Federal Reserve's (Fed) main objective
- Information technology stocks the weakest, while utilities were the most resilient

All three major indices in the US – the S&P 500, the Dow Jones Industrial Average, and the NASDAQ Composite – declined over the month to end Wall Street's worst year since the GFC in 2008.

The technology-heavy NASDAQ fared the worst as the US Federal Reserve (Fed) reiterated its firm stance in tackling inflation. Markets are expecting higher and longer interest rate hikes than previously thought.

At the December Federal Open Market Committee (FOMC) meeting, the federal funds target rate was raised by 50 basis points (bps) to a range of between 4.25-4.50%. This backs the Fed's continued bid to bring inflation down closer to its 2% long-term target.

This seventh interest rate increase of the year was smaller than the previous four 75 bps hikes implemented between June and November. Inflation continued its decline from its June peak with the November reading coming in at 7.1%. While December's rate hike was expected, markets are now pricing in the likely higher terminal interest rates¹.

The internet technology sector was the biggest laggard as the rising interest rate environment impacted these long-duration stocks². Apple rounded off a disappointing year by ending December in the red. The main reasons were supply chain issues and falling demand for their devices because of a slowing global economy and inflation-concerned investors.

Tesla was a major driver of underperformance in the consumer discretionary sector, as the electronic vehicles company hit a 2-year low following reports of a temporary halt in production at its China factory, sparking demand concerns. As expected in a market downturn, defensive stocks in the utilities sector were the most resilient.



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Asia

- Asian equities fall on global headwinds
- China the exception, outperforming amid reopening and changes in government policy
- Fed's continued firm stance towards inflation dampens sentiment

Asian equities marginally lost ground in December, with positive news coming from China. This was offset by selected outflows in other Asian markets, amid concerns that the current US Federal Reserve (Fed) interest rate hike cycle may lead to higher rates and take longer than previously thought.

Earlier-than-expected reopening spurred a strong advance in Chinese stocks, further bolstered by positive policy shifts both domestically and internationally. China's top leadership met at the annual Central Economic Work Conference in Beijing. Growth was at the forefront of the 2023 agenda, pointing to expanding domestic consumption, attracting foreign capital, and easing property regulations.

The internet technology sector enjoyed strong upward moves. The US accounting watchdog, the Public Company Accounting Oversight Board (PCAOB), was granted full access to inspect US-listed Chinese firms for the first time, thus removing de-listing risk for another three years. The improving mobility restrictions and recovery outlook also buoyed the consumer discretionary sector.

A decline in Taiwan's equity market was primarily down to global headwinds from the Fed's reaffirmation of their firm stance against inflation. This caused a lag, particularly within the internet technology sector. Macroeconomic data displayed weakness, with exports orders and industrial production down significantly. CPI inflation eased to 2.35% year-on-year though.

Korean equities witnessed a substantial drop. Market sentiment dampened on the Fed interest rate hike cycle news and renewed Covid-19 worries after China reopening. Some negative news flow also hurt market confidence. This included EV demand concerns amid Tesla underperformance, a weak gaming sector and slowing orders for shipbuilders.

Indian equities ended the month in the red as all sectors declined, with the internet technology, energy and utilities sectors the top laggards. Macroeconomic data was mixed. November CPI inflation came in at 5.88% and continuing its decline since September, year-on-year industrial production fell more than expected at -4.0% in October. The Reserve Bank of India hiked interest rates by 35 basis points to 6.25%.

Turning to the Pacific region, Japanese equities also faced downward pressure as the Fed's Federal Open Market Committee (FOMC) meeting reaffirmed their aggressive stance towards tackling inflation. Stocks were further hit by the Bank of Japan's earlier-than-expected revision of its yield curve control policy³. Australia's equity market endured similar challenges, giving back some of last month's gains, despite strength in the major iron ore players as prices increased.



Earlier-than-expected reopening spurred a strong advance in Chinese stocks, further bolstered by positive policy shifts both domestically and internationally.

Emerging Markets

- Emerging equity markets lose ground but outperform the developed markets
- Latin America the weakest region, but ends 2022 as the world's top performer
- Turkey and Poland the top absolute performers in December, with Qatar the weakest

Emerging market equities lost ground as investors weighed the impact of China's reopening on global growth and inflation outlooks. And the US Federal Reserve (Fed) reaffirmed its firm stance against inflation. Latin America was the weakest region, followed by Europe, Middle East & Africa (EMEA) and Asia.

China was the standout performer in Asia, with equities buoyed by earlier-than-expected reopening. Growth was at the top of China's agenda at the annual Central Economic Work Conference in Beijing, bolstering investor confidence. The internet technology sector enjoyed strong upward moves as the US accounting watchdog, the PCAOB, was granted full access to inspect US-listed Chinese firms for the first time, thus removing de-listing risk for another three years.

Thailand and Malaysia also advanced. On the flip side, South Korea and Taiwan lagged, weighed down by global headwinds including the Fed's reaffirmation of their firm stance against inflation and Covid-19 worries in China. India, Indonesia, and the Philippines also shed value amid this broader downturn.

In EMEA, Turkey and Poland headed gains, while Qatar and the UAE were the main detractors.

Poland outperformed the other two CE3 countries (the Czech Republic and Hungary) due to strong rallies in the consumer staples and financials sectors. Despite inflation remaining at high levels, the Polish government has started to ramp up spending. This comes after the energy shock and the upcoming elections in October 2023, with the central bank stating that further interest rate hikes are unlikely, underlining growth as their key concern.

Hungary continued to have one of the highest core CPI in EMEA, with food in particular running over 40%, leading to its central bank raising interest rates. In the Czech Republic though, rate hikes stopped, with the central bank turning instead to defending foreign exchange.

Latin American equities lagged on account of notable weakness in Peru and Mexico, although some strength in Argentina and Colombia offset some of these losses. Brazil fell as quarterly GDP came in lower than the consensus expected at 1.6%, and investors grew more risk averse amid the uncertainties surrounding China's reopening and recovery, as well as recessionary fears in the US.

Despite weakness in December, the region ended 2022 almost flat, strongly outperforming all other emerging and developed markets.



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Fixed Income

- Bond markets register monthly losses to cap annus horribilis as central banks continue to hike interest rates despite some encouraging news on the inflation front.
- US Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE) all raise rates by 50 basis points.
- In a surprise move, the Bank of Japan adjusts its longstanding yield curve control, potentially marking a “pivot”.

Bolstered by some good news on the US inflation front, bond markets delivered broad gains in November. Hopes that that the Fed would not need to be as aggressive in raising interest rates increased following the release of CPI data. It showed that both headline and core readings were below expectations. Furthermore, the breakdown showed the decline in US inflation was broad-based.

Markets reacted immediately. The yield (which moves inversely to price) on the rate-sensitive two-year US treasury bond saw its largest drop since 2008 as investors repriced their expectations for US interest rate hikes over the months ahead.

Growing confidence that the Fed would slow down the pace of monetary tightening was also reflected in November’s Federal Open Market Committee minutes. A substantial majority of participants agreed that a slower pace would “likely soon be appropriate”. That view was reinforced on the last day of the month when Fed Chair Powell said that “the time for moderating the pace of rate increases may come as soon as the December meeting.”

As markets moved to expect a more dovish Fed, US treasuries gained 2.81%, their best monthly performance since March 2020. In Europe, government bonds also delivered positive returns with German bunds and UK gilts adding 1.98% and 3.00% respectively.

Debate about the pace of rate hikes in the eurozone also intensified. This was as inflation data which showing consumer price rises in the region slowing down for the first time in 18 months was released. It declined from 10.6% (year-on-year) in October to 10.0% in November.

Although only a single month of data, it raised fresh questions whether the European Central Bank would opt for a smaller rate hike of 50bps in December as opposed to a third straight increase of 75bps.

In the UK, markets responded favourably to the Autumn Statement (budget). There was a downward revision of £24 billion of gilt sales for the remainder of the fiscal year. A combination of tax increases and spending cuts are likely to weigh on economic activity though.

In contrast to the US and the eurozone, there wasn’t much to cheer about on the UK inflation front. The annual rate jumped to a 41-year high of 11.1% in October against 10.7% expectations. In response, Bank of England’s deputy governor Dave Ramsden vowed to vote “forcefully” to tackle inflation, should price pressures persist.

It was a positive month too for corporate bond markets with broad gains for investment grade and high yield. According to data from ICE BofA, the Sterling Corporate index returned 4.25%. By comparison, the Euro Corporate index added 2.79% and the US Corporate index increased by 4.92% (all returns in local currencies). Credit spreads (the additional yield over government bonds) for investment grade narrowed.

There were widespread gains for high yield credit with the ICE BofA European Currency (€/£) High Yield index returning 3.73% and the US High Yield index gaining 1.87%. There was also a narrowing in credit spreads for European currency and dollar-denominated bonds.



US CPI fell for the second consecutive month, raising hopes that cost pressures may have peaked.

Government Bonds

Yield to maturity¹ (%)

	Current	1 month	3 months	6 months	12 months
US Treasuries 2 year	4.43	4.31	4.28	2.95	0.73
US Treasuries 10 year	3.87	3.61	3.83	3.01	1.51
US Treasuries 30 year	3.96	3.74	3.78	3.18	1.90
UK Gilts 2 year	3.58	3.30	4.23	1.84	0.69
UK Gilts 10 year	3.67	3.16	4.09	2.23	0.97
UK Gilts 30 year	3.96	3.43	3.83	2.56	1.12
German Bund 2 year	2.76	2.13	1.76	0.65	-0.62
German Bund 10 year	2.57	1.93	2.11	1.34	-0.18
German Bund 30 year	2.55	1.82	2.09	1.62	0.20

Source: Bloomberg LP, Merrill Lynch data. Data as at 31 December 2022. The yield is not guaranteed and may go down as well as up.

Corporate Bonds

Yield to maturity¹ (%) / Spread² (bps)

	Current	1 month	3 months	6 months	12 months					
£ AAA Investment Grade Corporate	4.64	88	4.33	98	5.53	134	3.37	115	1.54	58
£ AA	4.83	106	4.49	115	5.78	152	3.52	132	1.60	69
£ A	5.40	160	5.10	170	6.36	209	3.94	170	1.89	95
£ BBB	6.20	236	5.88	245	7.24	289	4.69	247	2.42	138
£ High Yield	10.43	669	10.12	671	11.43	698	9.13	709	5.03	390
£ BB	8.77	494	8.51	505	10.11	563	7.93	581	3.97	280
€ AAA Investment Grade Corporate	3.17	65	2.79	80	3.19	121	2.27	112	0.29	64
€ AA	3.51	99	3.08	108	3.34	143	2.31	133	0.21	68
€ A	3.92	138	3.54	152	3.82	192	2.79	183	0.45	86
€ BBB	4.63	202	4.21	214	4.55	259	3.52	251	0.81	113
€ High Yield	7.73	498	7.27	506	8.31	625	7.47	641	3.23	331
€ BB	6.51	372	6.09	383	7.13	502	6.25	518	2.51	260
European High Yield (inc € + £)	8.00	515	7.56	523	8.61	632	7.65	648	3.43	337

Source: Bloomberg LP, ICE BofA. Data as at 31 December 2022. The yield is not guaranteed and may go down as well as up.

¹ Yield to maturity – is the total return anticipated on a bond if the bond is held until it matures.

² Credit spread – difference in yields offered by corporate bonds over government bonds, that have similar maturity but different credit quality.

Global currency movements – figures to 31 December 2022

	Current value	Change Over:													
		1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
Euro/US Dollar	1.07	2.9	9.2	2.1	-5.8	8.9	-2.2	-4.5	14.1	-3.2	-10.2	-12.0	4.2	1.8	1.8
Euro/GB Sterling	0.89	2.6	0.9	2.8	5.2	5.7	-5.9	1.2	4.1	15.8	-5.1	-6.5	2.3	-2.6	-2.6
Euro/Swiss Franc	0.99	0.6	2.3	-1.2	-4.6	-0.4	-3.5	-3.8	9.2	-1.5	-9.5	-2.0	1.6	-0.7	-0.7
Euro/Swedish Krona	11.16	2.2	2.6	4.1	8.4	-4.3	3.4	3.2	2.7	4.4	-2.9	6.7	3.1	-3.8	-3.8
Euro/Norwegian Krone	10.50	2.5	-1.6	1.7	4.7	6.5	-0.6	0.6	8.3	-5.4	6.6	8.1	13.6	-5.2	-5.2
Euro/Danish Krone	7.44	0.0	0.0	0.0	0.0	-0.4	0.1	0.3	0.2	-0.4	0.2	-0.2	0.0	0.4	0.4
Euro/Polish Zloty	4.69	0.3	-3.5	-0.3	2.1	7.2	-0.8	2.7	-5.1	3.4	-0.6	3.2	1.8	-8.7	-8.7
Euro/Hungarian Forint	399.64	-2.3	-5.6	0.8	8.2	9.5	3.1	3.3	0.4	-1.9	-0.4	6.5	2.0	-7.5	-7.5
US Dollar/Yen	131.12	-5.0	-9.4	-3.4	13.9	-4.9	-1.0	-2.7	-3.7	-2.7	0.4	13.7	21.4	12.8	12.8
US Dollar/Canadian Dollar	1.36	1.1	-2.0	5.3	7.3	-2.0	-4.7	8.5	-6.5	-2.9	19.1	9.4	7.1	-2.9	-2.9
US Dollar/South African Rand	17.04	-1.0	-5.8	4.7	6.9	5.0	-2.4	15.9	-9.9	-11.2	33.7	10.3	23.8	4.7	4.7
US Dollar/Brazilian Real	5.28	1.7	-2.5	0.4	-5.3	29.0	4.0	17.1	1.8	-18.0	49.1	12.7	15.5	9.5	9.5
US Dollar/South Korean Won	1265.50	-4.0	-11.6	-2.6	6.4	-6.0	3.6	4.2	-11.4	3.0	6.7	4.1	-1.4	-7.1	-7.1
US Dollar/Taiwan Dollar	30.72	-0.6	-3.3	3.4	11.0	-5.8	-2.2	3.1	-7.6	-2.1	4.0	6.1	2.6	-3.9	-3.9
US Dollar/Thai Baht	34.61	-1.9	-8.3	-2.1	3.6	-0.1	-7.9	-0.1	-9.0	-0.8	9.7	0.1	7.4	-3.1	-3.1
US Dollar/Singapore Dollar	1.34	-1.6	-6.7	-3.7	-0.7	-1.8	-1.2	2.0	-7.7	2.0	7.0	4.9	3.4	-5.8	-5.8
US Dollar/GB Sterling	0.83	-0.2	-7.6	0.8	12.0	-3.0	-3.8	5.9	-8.6	19.4	5.7	6.3	-1.9	-4.4	-4.4
GB Sterling/South African Rand	20.59	-0.7	1.9	3.9	-4.6	8.2	1.3	9.6	-1.3	-25.7	26.5	3.7	26.5	9.3	9.3
Australian Dollar/US Dollar	0.68	0.4	6.5	-1.3	-6.2	9.6	-0.4	-9.7	8.3	-1.1	-10.9	-8.3	-14.2	1.8	1.8
New Zealand Dollar/US Dollar	0.64	0.8	13.4	1.7	-7.0	6.6	0.3	-5.3	2.4	1.5	-12.4	-5.1	-0.9	6.6	6.6

Source: Bloomberg, all figures subject to rounding.

An investment cannot be made into an index directly. The performance data shown relates to a past period. Past performance does not predict future returns.

Global equity and commodity index performance – figures to 31 December 2022

(%)

	1 month	3 months	6 months	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013
Global US & Canada													
MSCI World (US\$)	-4.2	9.9	3.2	-17.7	16.5	28.4	-8.2	23.1	8.2	-0.3	5.6	27.4	16.6
MSCI World Value (US\$)	-2.4	14.9	6.8	-5.8	-0.3	22.8	-10.1	18.0	13.3	-4.0	4.5	27.6	16.5
MSCI World Growth (US\$)	-6.1	4.8	-0.5	-29.0	34.2	34.2	-6.4	28.5	3.2	3.5	6.6	27.2	16.6
MSCI World Small Cap (US\$)	-3.4	10.9	5.2	-18.4	16.5	26.8	-13.5	23.2	13.2	0.8	2.3	32.9	18.1
MSCI Emerging Markets (US\$)	-1.5	9.6	-2.9	-19.9	18.8	18.8	-14.3	37.8	11.8	-14.6	-2.0	-2.3	18.6
FTSE World (US\$)	-4.0	10.3	3.2	-17.6	16.4	27.8	-8.7	24.1	8.7	-1.4	4.8	24.7	17.2
Dow Jones Industrials	-4.1	16.0	8.9	-6.9	9.7	25.3	-3.5	28.1	16.4	0.2	10.0	29.7	10.2
S&P 500	-5.8	7.5	2.3	-18.1	18.4	31.5	-4.4	21.8	11.9	1.4	13.7	32.4	16.0
NASDAQ	-8.7	-0.8	-4.7	-32.5	45.0	36.7	-2.8	29.7	9.0	7.1	14.8	40.2	17.7
Russell 2000	-6.5	6.2	3.9	-20.5	19.9	25.5	-11.0	14.6	21.3	-4.4	4.9	38.8	16.4
S&P/TSX Composite	-4.9	6.0	4.5	-5.8	5.6	22.9	-8.9	9.1	21.1	-8.3	10.5	13.0	7.2
Europe & Africa													
FTSE World Europe ex-UK €	-3.1	10.9	6.3	-11.9	2.9	27.6	-10.5	12.9	3.2	10.7	7.2	21.8	21.0
MSCI Europe	-3.5	9.6	5.2	-9.0	-2.8	26.8	-10.1	10.8	3.2	8.8	7.5	20.5	17.9
CAC 40	-3.8	12.6	9.8	-6.7	-5.0	30.5	-8.1	12.5	8.8	11.9	2.5	22.2	20.4
DAX	-3.3	14.9	8.9	-12.3	3.5	25.5	-18.3	12.5	6.9	9.6	2.7	25.5	29.1
Ibex 35	-1.3	12.8	3.4	-2.0	-12.7	16.5	-11.5	11.3	2.5	-3.7	8.5	27.6	2.2
FTSEMIB	-3.7	15.6	12.8	-9.4	-3.3	33.8	-13.6	16.9	-6.5	15.8	3.0	20.4	12.2
Swiss Market Index (capital returns)	-3.6	4.5	-0.1	-14.3	0.8	26.0	-10.2	14.1	-6.8	-1.8	9.5	20.2	14.9
Amsterdam Exchanges	-4.8	7.9	5.5	-11.4	5.5	28.5	-7.4	16.5	13.6	7.3	8.7	20.7	14.0
HSBC European Smaller Cos	0.8	19.9	1.6	-29.6	15.3	23.7	-20.2	31.0	-2.5	7.0	-9.6	34.9	22.2
MSCI EM Europe, Middle East and Africa (US\$)	-2.8	1.2	-1.4	-35.3	-7.3	19.9	-7.4	16.5	22.8	-14.5	-28.2	-3.9	25.1
FTSE/JSE Africa All-Share (SA)	-2.3	15.2	13.1	4.0	7.1	12.1	-8.4	21.0	2.8	5.3	10.9	21.5	26.7
UK													
FTSE All-Share	-1.4	8.9	5.1	0.2	-9.7	19.1	-9.5	13.1	16.8	0.9	1.2	20.8	12.3
FTSE 100	-1.5	8.7	5.6	4.6	-11.4	17.2	-8.8	12.0	19.2	-1.4	0.7	18.7	10.0
FTSE 250	-1.4	10.6	2.5	-17.4	-4.6	28.9	-13.3	17.8	6.7	11.2	3.7	32.3	26.1
FTSE Small Cap ex Investment Trusts	1.3	8.8	-1.1	-17.3	1.7	17.7	-13.8	15.6	12.5	13.0	-2.7	43.9	36.3
FTSE TechMARK 100	-0.2	7.6	11.1	-7.5	7.3	39.2	-4.9	9.8	10.0	16.6	12.3	31.7	23.0
Asia Pacific & Japan													
Hong Kong Hang Seng	6.4	15.0	-8.1	-12.6	-0.2	13.0	-10.6	41.3	4.3	-3.9	5.3	6.6	27.4
China SE Shanghai Composite (capital returns)	-1.8	2.3	-7.6	-12.8	16.5	25.3	-22.7	8.8	-10.5	11.2	58.0	-3.9	5.8
Singapore Times	-1.1	4.4	6.9	8.4	-8.1	9.4	-6.5	22.0	3.8	-11.3	9.6	2.9	23.3
Taiwan Weighted (capital returns)	-4.8	5.5	-1.9	-18.8	27.0	28.8	-5.0	19.4	15.5	-6.9	11.2	15.0	12.9
Korean Composite (capital returns)	-9.5	3.8	-3.9	-24.4	33.8	10.0	-15.4	23.9	5.2	4.1	-3.5	2.0	10.7
Jakarta Composite (capital returns)	-3.3	-2.7	-0.9	7.0	-5.1	1.7	-2.5	20.0	15.3	-12.1	22.3	-1.0	12.9
Philippines Composite (capital returns)	-3.2	14.4	6.7	-5.9	-8.6	4.7	-12.8	25.1	-1.6	-3.9	22.8	1.3	33.0
Thai Stock Exchange	2.1	5.2	7.6	3.5	-5.3	4.3	-8.1	17.3	23.9	-11.2	19.1	-3.8	40.4
Mumbai Sensex 30	-3.6	6.1	15.3	5.8	17.2	15.7	7.2	29.6	3.5	-3.7	32.0	10.7	28.0
Hang Seng China Enterprises index	5.2	13.4	-11.0	-15.6	0.0	14.5	-10.0	29.6	1.4	-16.9	15.5	-1.4	19.7
ASX 200	-3.2	9.4	9.8	0.5	2.3	25.0	-1.5	13.4	13.4	4.2	7.1	22.0	22.2
Topix	-4.6	3.2	2.4	-2.5	7.4	18.1	-16.0	22.2	0.3	12.1	10.3	54.4	20.9
Nikkei 225 (capital returns)	-6.7	0.6	-1.1	-7.4	16.0	18.2	-12.1	19.1	0.4	9.1	7.1	56.7	22.9
MSCI Asia Pac ex Japan (US\$)	-0.6	12.0	-2.0	-17.1	23.1	19.8	-13.5	37.8	7.4	-8.8	3.5	4.1	23.2
Latin America													
MSCI EM Latin America (US\$)	-3.9	5.9	9.9	9.6	-13.6	17.8	-6.2	24.2	31.4	-30.9	-12.1	-13.2	8.8
MSCI Mexico (US\$)	-6.7	12.6	6.6	-1.6	-1.7	11.6	-15.4	16.2	-9.1	-14.4	-9.3	0.1	29.1
MSCI Brazil (US\$)	-2.9	2.5	11.4	14.6	-18.9	26.7	-0.1	24.5	66.7	-41.2	-13.8	-15.8	0.2
MSCI Argentina (US\$)	12.6	32.7	59.1	35.8	12.3	-20.7	-50.8	73.6	5.1	-0.4	19.2	66.0	-37.1
MSCI Chile (US\$)	-1.9	7.1	10.6	23.3	-4.2	-16.2	-18.9	43.6	16.8	-16.8	-12.2	-21.4	8.3
Commodities													
Oil - Brent Crude Spot (US\$/BBL)	-1.8	-1.4	-26.1	9.7	-23.0	24.9	-20.4	20.6	55.0	-35.9	-49.7	-1.0	4.1
Oil - West Texas Intermediate (US\$/BBL)	-0.4	1.0	-24.1	4.2	-20.5	34.5	-24.8	12.5	45.0	-30.5	-45.9	7.2	-7.1
Reuters CRB index	-0.4	4.6	-3.0	22.0	-9.3	11.8	-10.7	1.7	9.7	-23.4	-17.9	-5.0	-3.3
Gold Bullion LBM (US\$/Troy Ounce)	3.4	8.5	-0.2	0.4	23.9	19.1	-1.3	11.9	9.1	-11.4	-0.2	-27.8	5.7
Baltic Dry index	11.8	-13.9	-32.4	-31.7	25.3	-14.2	-7.0	42.1	101.0	-38.9	-65.7	225.8	-59.8

Source: Bloomberg, total returns in local currency unless otherwise stated.

An investment cannot be made into an index directly. The performance data shown relates to a past period. Past performance does not predict future returns.

Footnotes

¹The expected end point for interest rate hikes

²Duration is a measure of the price sensitivity of a stock to changes in long-term interest rate. Usually, longer the duration, the more sensitive the stock is to interest rates.

³Yield curve control is when a central bank targets a longer-term interest rate and then buys or sells as many bonds as necessary to meet that rate target.

Risk warnings

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Important information

Data as of 31 December 2022 unless stated otherwise.

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